Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at http://about.jstor.org/participate-jstor/individuals/early-journal-content.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

Economics of Business. By EDWARD S. MEADE. Chicago and New York, De Bower-Elliott Company, 1909.—xxiv, 471 pp.

Organization, Correspondence, Transportation. By LEE GALLOWAY, GEORGE B. HOTCHKISS and JAMES MAVOR. Same publishers, 1910.—xix, 494 pp.

Accounting Theory and Practice. By LEO GREENDLINGER. Same publishers, 1910.—xix, 513 pp.

Corporation Finance. By WILLIAM LOUGH, Jr. Same publishers, 1910.—xvi, 480 pp.

Money and Banking. By EARL D. HOWARD and JOSEPH FRENCH JOHNSON. Same publishers, 1910.—xviii, 495 pp.

Banking Practice and Foreign Exchange. By HOWARD MCN. JEFFERSON, and FRANKLIN ESCHER. Same publishers, 1910.—xiv, 407 pp.

These six volumes represent the first half of a really noteworthy undertaking, the exposition in a scholarly yet practical manner of the principles underlying the various phases of modern business. To the entire work is given the title *Modern Business*, but each volume, with the exception of the first, deals with particular methods of business and bears a corresponding title of its own. The editor of the series, Professor Joseph French Johnson and the authors of the several volumes are men of established reputation in their fields. In some instances they are practical and successful business men as well as publicists and teachers. According to the statement of the editor, in his preface, the aim has been, in the writing of these volumes, not to add anything new to our knowledge in the various fields which the books aim to cover, but to expound accepted principles in a manner as simple and direct as possible, in order that the business man and the youth starting out on a business career may obtain a helpful insight into the meaning of that great complex of affairs which we call "modern business." In other words, we have here an attempt further to democratize knowledge in a field where democracy of knowledge is of special significance both to the individual and to society.

Of the contents of six large volumes, dealing with nine different subjects, no adequate appreciation can be given within the limit of a single review; but for the benefit of those for whom the series is written

it seems worth while to indicate some of the impressions which the reviewer has received from the reading of these volumes.

The first volume, as would naturally be expected, deals with economics. It is written by Professor E. S. Meade of the Wharton School. The author has made this work about as practical as a general treatise on economics could be made; he avoids all controversial discussion of economic theory, and where he deals with theory he employs the terms and follows the usage of the business world, drawing from actual business life precise and effective illustrations of almost every point that is made.

This volume is divided into four parts, dealing respectively with "Production," "Exchange," "Distribution" and "Economic Problems." Although this resembles the traditional treatment of the subject, Professor Meade has included in each part considerably more than is usually found in the more theoretical treatises. Under production, for example, he has chapters on "Private Property," "Training of Workers" and "Woman and Child Labor" in addition to the matter commonly discussed under the heading "Production." Under "Exchange" he discusses the media of exchange, the money system of the United States, credit, banking systems, prices and international exchange. Under "Distribution" we find first of all a discussion of "Forms of Ownership," then a chapter on "The Classes of Workers," and, in addition to the usual chapters on rent, wages, interest and profit, chapters discussing the *pros* and *contras* of the various systems of wage payments and labor organization, with a final chapter on "Taxation." The practical matters discussed are the railroad problem, the tariff, trusts and monopoly, socialism and the labor problem. As a whole, then, the book must be regarded as a very comprehensive treatment of its general subject, because the only topic of importance that is seriously neglected is that of insurance.

Professor Meade's theory of value is the marginal-utility theory, and his theories of rent, wages and interest are based simply on a logical application of the marginal-utility theory of value to the factors of production. The explanation of interest is especially clear. He shows that the rate of interest is determined just as is any other price in the market. The demand for capital originates in the desire of business men to control present funds, while the supply is conditioned by the relative estimate, on the part of savers, of the worth of future as compared with present gratifications, the rate being fixed at the point where this demand and supply are brought into equilibrium. This is an explanation of interest which should be intelligible to anyone. Child

labor the author opposes on purely economic grounds. Women, he believes, have come into industry to stay; and the solution of the problem raised by their employment is to mold industry in such a way as to make it safe for them. In regard to the relations between labor and capital, the author emphasizes the economic significance of the golden rule. He approves of collective bargaining, but favors voluntary rather than compulsory arbitration (page 249). He believes that the influence of the trade union in increasing wages has been comparatively slight (page 252). He favors regulation rather than public ownership of the railways, and he quotes without comment a passage from Professor Seager's *Briefer Course*, in which physical valuation of railways and congressional control of future stock issues are strongly advocated. In his chapter on "The Tariff" the author leans heavily toward protection. The solution of the monopoly problem he finds in the "universalization of monopoly" (page 388); for when all industries are monopolized no one industry will enjoy an advantage. How this solution will appeal to those who have fixed incomes and to the professional classes is a question on which Professor Meade hazards no opinion. In his discussion of socialism he suggests the possibility of an ultimate tempering of both socialists and individualists in the great crucible of practical experience, so that both may be enabled to occupy common ground. The book is clearly written, in a simple and direct style, without any attempt at literary embellishment.

The second volume of the series bears the title, *Organization, Correspondence, Transportation*. It is really made up of three separate treatises, each of which deals with one of the branches included in the general title. "Business Organization" is discussed by Professor Lee Galloway; "Business Correspondence" by Mr. G. B. Hotchkiss. Both of these writers are members of the faculty of the New York University School of Commerce. Professor James Mavor is the author of the section dealing with "Transportation."

Part I, on "Business Organization" covers 224 pages. The first two chapters give a historical survey of business organization. The third deals with the organization of modern markets; the fourth, which treats of "Exchange," gives an excellent description of the Chicago Board of Trade as a typical market; the fifth deals with the marketing of manufactured goods and the sixth with the "Organization of the Export Business." Chapter vii is concerned with the "Consular Service," and describes the organization of the service as well as its activities. Chapters viii to xii, inclusive, deal with what might be called the internal organization of the business as distinguished from the sell-

ing organization, which forms the basis of the discussion in the previous chapters. Here such subjects as "Department Functions and Organization," "Interdepartmental Relations" and "Office Systems and Reports" are dealt with. The last chapter gives a description of various kinds of industrial betterment and welfare work. In general it may be said of Professor Galloway's work in this volume that it gives a mass of purely descriptive material which is sadly lacking in most economic text-books but which is, nevertheless, of great value in helping a student to see the practical bearing of economic principles. These chapters could be most advantageously used as collateral reading in elementary economic courses.

Part II of this volume deals with "Business Correspondence." It discusses every aspect of the art of business letter writing and should prove valuable to practical business men.

Part III, dealing with "Transportation," covers 107 pages. It is concerned almost exclusively with railroads. The first chapter is introductory in character but discusses particularly the subject of legal regulation. Here Professor Mavor justifies state regulation on a very broad ground, *viz.*, that the state is essentially a "regulative agency," and that it assumes functions of regulation wherever this is necessary for "social order and quiescence" (page 363). In the second chapter, in which he discusses the relation of the railway to economic development in America, Professor Mavor points out, first, that its effect has been "to perpetuate the tendency of the old colonial period, the eastern states standing in the same relation to the West and South as formerly the colonies stood to the mother country, receiving their raw materials and manufacturing for them," and second, that the railway, by its control of rates and facilities, has largely determined the distribution of industries. In discussing the "Special Characteristics of Railway Enterprise" (chapter iii) Professor Mavor places more than the usual emphasis on the high proportionate cost of labor in the railway business. He takes exception to the general opinion that a railway is a natural monopoly. Such an opinion, he believes, is based on the unwarranted assumption that inventive genius and mechanical ingenuity will not some day perfect a new method of transportation which will supplement if not supplant the railway (page 389). The chapters on "Railway Capital" (iv), "Consolidation" (v) and "Classification" (vi) are short and to the point but contain nothing that is new. The chapter on the "Fixation of Rates" (vii) is a very interesting one. Professor Mavor admits at the outset that a "pursuit of a scientific principle of rate determination is probably

quite hopeless" (page 413). Cost-of-service, value-of-goods and value-of-service theories are held to be inadequate. In actual practice we find the railways charging what the traffic will bear, but by no means is this the result of an arbitrary determination. To quote:

> Transportation may be looked upon as a part of the process of production, and the manufacturer or shipper may be regarded as the ally of and the coöperator with the railway in delivering his goods at the point of consumption. . . . From this point of view, the formidable driving power behind the railways is industry itself, which appears to be becoming more and more strenuously competitive [page 419].

The railway managers may take cost of service, in so far as that can be determined, as the basis of their subjective estimates as to what the minimum rates ought to be, but competition and other considerations may make the actual rates widely different. Chapter viii is an unusual and illuminating discussion of the "Mutual Reaction of Rates and Prices." It covers only four and a half pages, and it suggests the possibility and advisability of a much more thorough treatment. The topics discussed in the remaining chapters—"Discrimination and Differentials," "Management and Regulation" and "Nationalization"—are interestingly but rather briefly treated.

Of this second volume also it may be said that the several authors have succeeded in presenting their subjects in a clear, straightforward, practical manner, which obviates all possibility of confusion in the mind of the general reader.

Volume III is the work of Mr. Leo Greendlinger, lecturer on accounting in the New York University School of Commerce and Finance. Although it bears the title *Accounting Theory and Practice*, it too places the emphasis on the practice. The book is divided into five parts, dealing respectively with "Principles of Accounting," "Partnership Affairs," "Corporation Accounting," "Special Topics" (under which are discussed such important subjects as the distinction between capital and revenue, depreciation and other reserves, and insolvency accounts) and "Accounting Problems and Solutions." The foregoing enumeration shows the comprehensive character of the work. It abounds in illustrations and practical examples. In few other fields could the inductive method be so well applied, and Mr. Greendlinger uses it here with marked success. Modern accounting has attained the dignity of a science as well as that of a profession. While it is based on a body of more or less clearly defined and relatively simple principles, the application of these principles in all the ramifications and

intricacies of the complex organization of modern business requires a degree of study and training which puts the expert accountant of today, as compared with his predecessor, the "bookkeeper," in a position similar to that which the modern dentist occupies as compared with the barber, who not so many decades ago carried on the occupation of extracting teeth as a remunerative side line of labor. To the literature of the subject, which is growing apace, Mr. Greendlinger's book is a distinct contribution.

Volume IV, on *Corporation Finance*, by Professor William Lough, Jr., in no wise falls below the standard set by the earlier volumes. Like these, Professor Lough's work is characterized by the use of innumerable practical illustrations, drawn from actual business experience. The first six chapters deal in a general way with the legal status of the corporation, with its various forms and with its internal organization. Then follow chapters setting forth the various methods of raising funds for corporate enterprises and a chapter devoted to "Promotion" in its various aspects. A separate chapter describes the Steel Corporation. A further series of chapters describes the process of selling corporation securities; still another series deals with the question of financial management; and a few concluding chapters discuss insolvency and reorganization. Professor Lough looks upon the promoter as on the whole worth his hire. He believes that in this "new enterprise" the losses of those who fail probably offset the great gains of the successful few. The author does not show, however, that to society at large the promoter is necessarily as valuable an economic agent as he is to those who in the first instance reap the benefit of his labors. Professor Lough also regards favorably the capitalization of the Steel Corporation and is hopeful as to its outlook. He considers earning capacity the scientific basis for capitalization, but he does not discuss the relation of monopoly to earning capacity, when the latter is used as such a basis. The function of the underwriter is very fully explained in the chapters dealing with the sale of corporation securities and the use of Wall Street in this connection is clearly set forth. For corporation evils Professor Lough finds the remedy in "publicity and education." He doubts that the lawyers with their "quibbles and conservatism" will help much. Of public policy in regard to the important subjects which are treated in this book there is little discussion. The volume is written chiefly from the point of view of the corporation official, as Professor Lough himself says in the preface; and this is the chief criticism that must be leveled against it from the point of view of those who hold that the broader social interests must ever be of paramount importance.

Professors Earl Dean Howard and Joseph French Johnson have collaborated in the preparation of Volume V, entitled *Money and Banking*. Of the volumes under examination this seems, to the reviewer, the most important and the best done. Although the principles set forth in it do not differ perceptibly from those expounded by Professor Johnson in his standard work on *Money and Currency*, yet the treatment here, while not so comprehensive, is more detailed, and does not presuppose, on the part of the reader, the special training and the amount of general information which are required for the understanding of the earlier and more advanced work.

In Part I, on "Money," there are eleven chapters, which deal first with the fundamental economic concepts and with the historical evolution of money, then with the theoretical principles, and finally with such questions as "The Production of the Precious Metals" and "Bimetallism." The discussion of fiat money and of bimetallism, not to mention other topics, is of course not to be compared with the treatment of these subjects in *Money and Currency;* but it must be remembered that the volume under review is intended for those who are new to the subject and whose reading for the most part must be done without the aid of systematic class-room instruction.

Part II, devoted to "Banking," covers 236 pages—a trifle more than half of the book. In this part, however, is to be found the discussion of the relation of credit to prices, a topic that concerns money as much as it does banking. And here again, it may be observed, the fundamental aims of clearness and simplicity and of the presentation of facts in a living atmosphere seem never to have been forgotten. Some of the topics here treated, which relate to the practical organization of banking, are again discussed in volume vi, but they could not have been eliminated in this volume without a considerable sacrifice of concreteness and clearness. Chapters xxiv to xxxi, inclusive, are concerned with the history and present problems of banking in America, and, for the purpose of setting these problems in relief and of suggesting possible solutions, two chapters are devoted to the discussion of the European and the Canadian banking systems. There are special chapters also on the "Relation of Banks to Wall Street" and on "Banks and the United States Treasury System." It will thus be seen that some of the shortcomings of the American system are amply dealt with, but Mr. Warburg's criticism of American discount methods does not receive due attention. On the whole, however, considering the special purposes and aims of the series, this volume is, in the reviewer's opinion, the best in the field.

Volume VI deals with *Banking Practice and Foreign Exchange*. The first topic is treated by Mr. Howard McN. Jefferson, lecturer on banking in the New York University School of Commerce and Finance and vice-president of the bank of Coney Island. Mr. Jefferson devotes his attention to the internal organization of banks. He describes first the general corporate organization, then the organization of the staff, the system of books and records, and finally the separate departments. Separate chapters are devoted to the credit and collection departments. There is of course no uniformity in these matters throughout the field of American banking, but Mr. Jefferson gives a description of the best practice. His work may thus not only serve as a guide to practical bankers, but it will also help the economic student to understand the inner mechanism of the banks whose outer activities are the subjects of his study.

Mr. Franklin Escher, financial editor of *Harper's Weekly* and author of several publications dealing with foreign exchange, is the author of Part II, entitled "Foreign Exchange" which covers only seventy-two pages. This part is divided into five chapters, all of which are weighted down with the most useful kind of information. The broad theory of international exchange is not very thoroughly discussed, but we have instead a clear explanation of the processes involved in such exchange, and this explanation is reinforced by concrete examples which makes it easily intelligible. Chapter i takes up briefly the underlying principles of foreign exchange and describes the various kinds of bills and the manner in which they originate. Chapter ii, entitled "How Money is Made in Foreign Exchange," explains the various operations from the banker's point of view. Chapter iii, on "Foreign Exchange and Foreign Commerce," shows to what a large extent modern commerce is dependent upon the use of credit in exchange transactions. Here is where the real economy of exchange operations is found. Chapter iv explains the importance of foreign exchange in connection with the international security market. The volume of exchanges arising out of international security dealings is enormous; but the exchange transactions to which they give rise are simpler than those which have their origin in foreign commerce. Hence this chapter is not so long as the one which precedes it, and it will probably be more easily understood. Chapter v, dealing with international gold movements, might advantageously have been expanded; but, since the topic is also discussed in the volume on *Money and Banking*, the brevity of the treatment here is not a serious fault. The work as a whole, while not nearly so comprehensive, from the point of view of practical operations, as Margraff's

book on *International Exchange*, is nevertheless more clearly written and much better arranged.

The six volumes under review constitute already a real achievement. They also indicate what may be expected in the other volumes. Always bearing in mind the purposes they are intended to serve, they leave little to be desired. This applies to physical construction as well as to subject-matter. Perhaps the opportunity that was presented in this popular series to cultivate a broader social conscience has not been fully improved; but any such criticism is largely an expression of an individual point of view.

EUGENE E. AGGER.

COLUMBIA UNIVERSITY.

Manuel d'économique. Par ADOLPHE LANDRY. Paris, Giard et Brière, 1908.—889 pp.

Readers of Professor Landry's earlier works would have found little difficulty in predicting the general character of a "Manual" from his pen. Professor Landry habitually works up his subjects systematically, with due attention to the literature and with evident resolution to give respectful consideration to every point of view. Whatever contributions he may make are carefully coördinated with the body of existing doctrine and are so developed as to minimize, rather than exaggerate, their true importance. His method is especially adapted to a work of this kind, which is designed to summarize the achievements of the science, not to concentrate attention upon special problems. The book under review should serve as an admirable basis for undergraduate instruction and, in an English translation, might successfully meet the competition of American texts, were it not for the prevailing demand for local color in economic manuals.

The first two hundred pages of the book consist of an introduction, which conveniently disposes of such questions as the nature and method of economic science, and a book on the "Psychological Bases of Economics." In this division are treated a host of topics that form necessary prolegomena to the serious work of the science: wants and needs, goods, utility, the nature of labor, self-interest, the *homo œconomicus*. Book ii, entitled "Production," fills another two hundred pages. Here we find treated most of the topics usually placed under this head, together with some that are commonly treated elsewhere, such as competition and monopoly and banking. Under the head "Exchange" our author treats the mechanism of exchange and the general subject of value, thus committing himself to the position